

SECOND REGULAR SESSION

# HOUSE BILL NO. 1539

## 96TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES JONES (89) (Sponsor), FUHR, LANT, COX,  
HIGDON AND FUNDERBURK (Co-sponsors).

5090L.02I

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To amend chapters 135 and 160, RSMo, by adding thereto eight new sections relating to the parent empowerment and choice act.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapters 135 and 160, RSMo, are amended by adding thereto eight new sections, to be known as sections 135.1400, 135.1402, 135.1404, 135.1406, 135.1408, 160.1200, 160.1202, and 160.1206, to read as follows:

**135.1400. 1. The provisions of sections 135.1400 to 135.1408 shall be known as the "Educational Choice Tax Credit Scholarship Program".**

**2. As used in sections 135.1400 to 135.1408, the following terms mean:**

**(1) "Department", the state department of revenue;**

**(2) "Educational scholarships", grants to students to cover all or part of the tuition and fees at either a qualified nonpublic school or a qualified public school, including transportation to a public school outside of a student's resident school district;**

**(3) "Eligible student", a student who:**

**(a) Is a student of, or student who would naturally matriculate into, a school triggered for the educational choice reform option under sections 160.1200 to 160.1206. Once a student receives a scholarship under this program, the student will remain eligible until the student graduates high school or reaches twenty years of age;**

**(b) Resides in Missouri while receiving an educational scholarship under sections 135.1400 to 135.1408;**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 15           (4) "Parent", includes a guardian, custodian, or other person with authority to act  
16 on behalf of the eligible student;
- 17           (5) "Program", the educational choice tax credit scholarship program;
- 18           (6) "Qualified school", either a public elementary or secondary school outside the  
19 district in which a student resides or a nonpublic elementary or secondary school in  
20 Missouri that complies with all of the requirements of the program;
- 21           (7) "Scholarship granting organization", an organization that complies with the  
22 requirements of this program and provides education scholarships to students attending  
23 qualified schools of their parents' choice.

          135.1402. 1. Beginning with tax year 2013, a taxpayer who files a state income tax  
2 return and is not a dependent of another taxpayer may claim a credit for a contribution  
3 made to a scholarship granting organization.

4           2. The credit may be claimed by an individual taxpayer or a married couple filing  
5 jointly in an amount equal to the total contributions made to a scholarship granting  
6 organization during the taxable year for which the credit is claimed up to fifty percent of  
7 the taxpayer's tax liability.

8           3. An individual taxpayer or a married couple filing jointly may carry forward a  
9 tax credit under this program for three years.

10          4. Beginning with tax year 2013, the credit may be claimed by a corporate taxpayer  
11 in an amount equal to the total contributions made to a scholarship granting organization  
12 for educational scholarships during the taxable year for which the credit is claimed up to  
13 fifty percent of the taxpayer's tax liability, not to exceed a credit of three hundred thousand  
14 dollars.

15          5. A corporate taxpayer may carry forward a tax credit under this program for  
16 three years.

17          6. The total amount of tax credits that may be granted in a fiscal year is ten million  
18 dollars.

          135.1404. 1. Each scholarship granting organization shall:

2           (1) Notify the department of its intent to provide educational scholarships to  
3 eligible students attending qualified schools;

4           (2) Demonstrate to the department that it has been granted exemption from the  
5 federal income tax as an organization described in Section 501(c)(3) of the Internal  
6 Revenue Code of 1986, as amended;

7           (3) Provide a department-approved receipt to taxpayers for contributions made to  
8 the organization;

9           (4) Ensure that at least ninety percent of its revenue from donations is spent on  
10 educational scholarships, and that all revenue from interest or investments is spent on  
11 educational scholarships;

12           (5) Distribute periodic scholarship payments as checks made out to a student's  
13 parent or guardian and mailed to the qualified school where the student is enrolled. The  
14 parent or guardian shall endorse the check before it can be deposited;

15           (6) Cooperate with the department to conduct criminal background checks on all  
16 of its employees and board members and exclude from employment or governance any  
17 individual who might reasonably pose a risk to the appropriate use of contributed funds;

18           (7) Ensure that scholarships are portable during the school year and can be used  
19 at any qualified school that accepts the eligible student according to a parent's wishes. If  
20 an eligible student moves to a new qualified school during a school year, the scholarship  
21 amount may be prorated;

22           (8) Demonstrate its financial accountability by:

23           (a) Submitting a financial information report for the organization that complies  
24 with uniform financial accounting standards established by the department and conducted  
25 by a certified public accountant; and

26           (b) Having the auditor certify that the report is free of material misstatements;

27           (9) Demonstrate its financial viability, if it is to receive donations of fifty thousand  
28 dollars or more during the school year, by:

29           (a) Filing with the department prior to the start of the school year a surety bond  
30 payable to the state in an amount equal to the aggregate amount of contributions expected  
31 to be received during the school year; or

32           (b) Filing with the department prior to the start of the school year financial  
33 information that demonstrates the financial viability of the scholarship granting  
34 organization.

35           2. Each scholarship granting organization shall ensure that participating schools  
36 that accept its scholarship students will:

37           (1) Comply with all health and safety laws or codes that apply to nonpublic schools;

38           (2) Hold a valid occupancy permit if required by their municipality;

39           (3) Certify that they will not discriminate in admissions on the basis of race, color,  
40 national origin, religion, or disability;

41           (4) Provide academic accountability to parents of the students in the program by  
42 regularly reporting to the parent on the student's progress.

43           **3. Scholarship granting organizations shall not provide educational scholarships**  
44 **for eligible students to attend any school with paid staff or board members, or relatives**  
45 **thereof, in common with the scholarship granting organization.**

46           **4. A scholarship granting organization shall publicly report to the department by**  
47 **June first of each year the following information prepared by a certified public accountant**  
48 **regarding its grants in the previous calendar year:**

49           **(1) The name and address of the organization; and**

50           **(2) The total number and total dollar amount of contributions received during the**  
51 **previous calendar year.**

**135.1406. 1. The department shall adopt rules and procedures consistent with**  
2 **sections 135.1400 to 135.1408 as necessary to implement the program.**

3           **2. The department shall provide a standardized format for a receipt to be issued**  
4 **by a scholarship granting organization to a taxpayer to indicate the value of a contribution**  
5 **received. The department shall require a taxpayer to provide a copy of this receipt when**  
6 **claiming the school choice tax credit.**

7           **3. The department shall provide a standardized format for scholarship granting**  
8 **organizations to report the information required in subsection 4 of section 135.1404.**

9           **4. The department shall have the authority to conduct either a financial review or**  
10 **audit of a student support organization if possessing evidence of fraud.**

11           **5. The department may bar a scholarship granting organization from participating**  
12 **in the program if the department establishes that the scholarship granting organization has**  
13 **intentionally and substantially failed to comply with the requirements of section 135.1404.**

14           **6. If the department decides to bar a scholarship granting organization from the**  
15 **program, it shall notify affected scholarship students and their parents of this decision as**  
16 **quickly as possible.**

17           **7. The department shall allow a taxpayer to divert a prorated amount of state**  
18 **income tax withholdings to a scholarship granting organization of the taxpayer's choice up**  
19 **to the maximum credit allowed by law, including carry-over credits. The department shall**  
20 **have the authority to develop a procedure to facilitate this process.**

**135.1408. 1. All qualified schools shall be required to operate in Missouri.**

2           **2. All qualified schools shall comply with all state laws that apply to nonpublic**  
3 **schools regarding criminal background checks for employees and exclude from**  
4 **employment any people not permitted by state law to work in a nonpublic school.**

5           **3. Under section 23.253 of the Missouri sunset act:**

6           **(1) The provisions of the new program authorized under sections 135.1400 to**  
7 **135.1408 shall sunset automatically on December thirty-first six years after the effective**

8 date of sections 135.1400 to 135.1408 unless reauthorized by an act of the general assembly;  
9 and

10 (2) If such program is reauthorized, the program authorized under sections  
11 135.1400 to 135.1408 shall sunset automatically on December thirty-first twelve years after  
12 the effective date of the reauthorization of this section; and

13 (3) The provisions of sections 135.1400 to 135.1408 shall terminate on September  
14 first of the calendar year immediately following the calendar year in which the program  
15 authorized under sections 135.1400 to 135.1408 is sunset.

160.1200. 1. The provisions of sections 160.1200 to 160.1206 shall be known as the  
2 "Parent Empowerment and Choice Act" or the "Parent Trigger Act".

3 2. As used in sections 160.1200 to 160.1206, the following terms mean:

4 (1) "Parent", the natural parent or adoptive parent or guardian of a dependent  
5 child;

6 (2) "School district of enrollment", a school district other than the school district  
7 in which the parent of a pupil resides, but in which the parent of the pupil nevertheless  
8 intends to enroll the pupil under sections 160.1200 to 160.1206;

9 (3) "School district of residence", a school district in which the parent of a pupil  
10 resides and in which the pupil would otherwise be required to enroll under state law.

160.1202. 1. For all public schools where more than fifty percent of the parents of  
2 pupils attending school, or a combination of more than fifty percent of the parents of  
3 pupils attending the school and the elementary or middle schools that normally matriculate  
4 into a middle or high school, as applicable, sign a petition requesting the local educational  
5 agency to implement one or more of the three interventions identified under subsection 3  
6 of this section, the local educational agency shall implement the option requested by the  
7 parents.

8 2. The local educational agency shall notify the superintendent and the state board  
9 upon receipt of a petition and upon its final disposition of that petition. The local  
10 educational agency shall have one hundred eighty days to implement the chosen model of  
11 reform.

12 3. There are three school intervention models: restart model, school closure, and  
13 educational choice.

14 (1) A restart model is one in which a local educational agency converts a school or  
15 closes and reopens a school under a charter school operator, a charter management  
16 organization, or an education management organization that has been selected through a  
17 rigorous review process. A charter management organization is a nonprofit organization  
18 that operates or manages charter schools by centralizing or sharing certain functions and

19 resources among schools. An education management organization is a for-profit or  
20 nonprofit organization that provides whole school operation services to a local educational  
21 agency. A restart model shall enroll, within the grades it services, any former student who  
22 wishes to attend the school.

23 (2) School closure occurs when a local educational agency closes a school and  
24 enrolls the students who attended that school in other schools within the local educational  
25 agency that are higher achieving. These other schools should be within reasonable  
26 proximity to the closed school and may include, but are not limited to, charter schools or  
27 new schools for which achievement data are not yet available. In the event no such school  
28 exists, the district shall implement the educational choice model.

29 (3) Educational choice occurs when a local educational agency implements the  
30 educational choice tax credit scholarship program under sections 135.1400 to 135.1408.

160.1206. There are no additional regulatory powers granted to the state in sections  
2 160.1200 to 160.1206. Any regulatory board in existence shall be represented in at least  
3 half by members not a part of the public school system.

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